AFS; R.W. Ross
(39) M-756

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DEPARTMENT OF STATE

Memorandum of Conversation

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DATE: July 10, 1958

SUBJECT: Kaiser Interest in the Volta River Project

DEPARTMENT OF STATE A/CDC/MR
REVIEWED BY QS DATE 14 MAY 1982
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PARTICIPANTS: Mr. Joseph Palmer 2nd, Deputy Assistant Secretary, AF
Mr. George Dolgin, Politico-Economic Advisor, AF
Mr. C. Vaughan Ferguson, Jr., Director, AFS
Mr. William R. Duggan, AFS
Robert W. Ross, AFS

COPIES TO: ICA - Mr. Stuart Van Dyke
Mr. Flesher
Miss Mary Painter

NOTES TO: IRC 2 AFS 3 Department of Commerce
AF (2 cc) ED
ICA 2 W Amembassy - ACCRA

Mr. Palmer said that he had called the meeting to discuss the recent letter to Mr. Flesher from Kaiser Industries Corporation and to clarify the U. S. position in preparation for the talks with Prime Minister Nkrumah. He asked if there was anything to be put forward at this time.

During the course of the discussion Mr. Flesher indicated that Kaiser was interested in "up-dating" the 1955 Volta scheme report under a contract with the U. S. Government and/or the Government of Ghana. This project would cover all phases of the scheme excepting the analysis of the bauxite deposits, which would be done at Kaiser's expense and for their information. Kaiser Industries is also interested in exploring the possibilities of forming a consortium, or joint venture, with other U. S. firms in building the scheme's "production plant". They had asked ICA to attempt to find out whether or not the U. S. Justice Department would look with disfavor upon such a consortium.

Mr. Palmer asked Mr. Dolgin to seek an informal opinion on this point through the Office of the Department's Legal Advisor. He also said that the possibility of a joint venture headed by Kaiser should be discussed with the Prime Minister with the greatest of care. Mr. Palmer said he is concerned lest Nkrumah be left with too optimistic a picture.

The estimated cost of the new survey was put at about $120,000 by Mr. Flesher and he said the work would require about 4 months to complete.

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All of the conferees agreed that the U. S. Government should assist in the financing of the "up-dating" project and it was also the consensus that the Ghana Government should contribute to the cost, even if only a token amount. Mr. Palmer said that it should also be made clear to the Prime Minister that no established company would be willing to invest in a project of the magnitude of the Volta River scheme on the basis of a report as old as the 1955 survey. Mr. Van Dyke indicated that he believed ICA could obtain the funds to finance all of the new study if necessary but that we should try to get Ghana to put up 50% of the money. It was agreed that the United States should consider bearing the full cost if no contribution from the Ghanaians were forthcoming.

Mr. Palmer suggested, and all agreed, that our conversations with Nkrumah should be, basically, an explanation of the "catalytic" efforts we have made to date, with the proposal to assist in a new study added as the latest development. This suggestion was concurred in by the others present.

Mr. Ferguson said reports from Accra indicate that Dr. Nkrumah intends to seek U. S. assistance for the industrialization of Ghana although it is clear the Ghanaians have few, if any, concrete proposals and have not thought through the problem. It was agreed that the basic position to be taken should be to indicate the need for careful consideration of their needs by the Ghanaians and our willingness to receive and consider specific proposals.

It was agreed that simultaneous action should be taken as follows:

1. An opinion as to possible anti-trust implications in a joint venture would be sought from legal officers in ICA and the Department.

2. A cable would be sent by ICA to Accra asking the opinion of the Country Team on the matter of U. S. assistance in financing the new study.

3. A revised Volta River Project position paper for the Nkrumah visit would be drafted by AF and appropriate clearances obtained.

4. AF would draft a position paper dealing with U. S. assistance in the industrialization of Ghana.

AF:AFC:RWRoss:sdt

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